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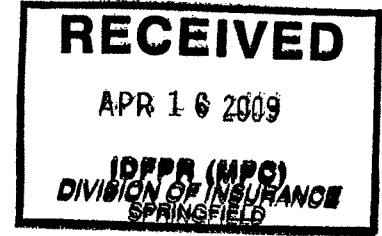
FILED

April 14, 2009

Director of Insurance
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767

MAY 01 2009

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS



Re: Company ACE USA #0626 NAIC# FEIN
ACE American Insurance Company 22667 95-2371728 ✓
Human Services Professional Liability Policy - Rate / Rule Filing
Our Filing Number: 09-MR-2008218 (R)

Dear Commissioner:

ACE American Insurance Company is filing to introduce a Professional Liability policy for Human Services professionals. This submission introduces rules and rates for that program. The forms have been submitted under separate cover. We currently do not have any insureds in these classes of business.

We report statistics for this line of business to ISO.

We are submitting this filing under the Use and File provisions, with an effective date of May 1, 2009.

Sincerely,

Viola McBride

Viola McBride

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Jeh

ACE American Insurance Company
Illinois
Allied Health
Actuarial Certification

1

Statement of Actuarial Opinion

215 ILCS 5/155.18

In my opinion, the rates proposed in this filing are based on sound actuarial principles and are not inconsistent with the company's experience.


Name: Nanette Tingley

Title: Vice President and Actuary

Accreditation: A.C.A.S., M.A.A.A.

Date: April 13, 2009

Signature:



Neuman, Gayle

From: McBride, Viola [Viola.McBride@acegroup.com]
Sent: Thursday, April 23, 2009 10:34 AM
To: Neuman, Gayle
Subject: RE: ACE American Ins. Co. - Rate/Rule Filing #09-MR-2008218 (R)

We use ISO for reporting of statistics.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, April 23, 2009 10:36 AM
To: McBride, Viola
Subject: RE: ACE American Ins. Co. - Rate/Rule Filing #09-MR-2008218 (R)

Ms. McBride,

I have one more question. The information should be provided with every medical malpractice rate/rule filing. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?
 Thank you for your prompt attention and response.
 Gayle Neuman

From: McBride, Viola [mailto:Viola.McBride@acegroup.com]
Sent: Wednesday, April 22, 2009 2:06 PM
To: Neuman, Gayle
Subject: RE: ACE American Ins. Co. - Rate/Rule Filing #09-MR-2008218 (R)

Dear Ms. Neuman,

Attached is the revised exception page. We have revised the Schedule Rating for Illinois to remove the "up to" language. We have added a statement that there are no interest charges or installment fees charged for the premium installment payment plans.

Thank you.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, April 21, 2009 9:39 AM
To: McBride, Viola
Subject: ACE American Ins. Co. - Rate/Rule Filing #09-MR-2008218 (R)

Ms. McBride,

I have reviewed the rate/rule manual. Please address the following questions.

1. On page AH – 7 under E. Schedule Rating, the max credit is 25%. Does this really mean 0 to 25%? Please make any correction necessary.
2. On page AH-IL 1 under Premium Payment Installments, please add a paragraph indicating there are no interest charges or installment fees charged for the premium installment payment plans.

I request receipt of your response by April 28, 2009.

4/23/2009

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Division's website at idfpr.com.

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To: Neuman, Gayle
Subject: RE: ACE American Ins. Co. - Rate/Rule Filing #09-MR-2008218 (R)
Attachments: IL - AHA STATE EXCEPTION PAGE (revised).doc; IL - AHA STATE EXCEPTION PAGE (redlined).doc

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4/22/2009

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State Exceptions. Selected countrywide rules are amended as described below:

- I. Under Rule XV. PREMIUM CALCULATION RULES, Rule C, Surcharges is replaced with the following:
Surcharges

Category	Surcharge
Supplemental Staffing	A surcharge of 25% will apply to entities or individuals engaged in supplemental staffing.
Registry	A registry surcharge of 25% will apply to entities or individuals that do registry services.
Background Check	A surcharge of 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.
High Tech / Critical Care	A surcharge of 25% will apply to entities or individuals engaged in high tech / critical care services, including Surgical, Pediatric, Infusion Therapy, and Tracheotomy/Ventilator Care.

The surcharges shown above are additive if more than one applies, subject to a maximum surcharge of 65%.

- II. Under Rule XV. PREMIUM CALCULATION RULES, Rule F., the following Territorial Multiplier applies:

Territory Definitions	Multiplier
1 – Cook County	1.40
2 – Counties of Dupage, Lake and Will	1.20
3 – Remainder of State	1.00

- III. The following rule has been added
PREMIUM PAYMENT INSTALLMENTS

The following installment premium payment plans shall be offered:

1. For annual premiums up to an including \$80,000, a four-installment payment plan payable as follows:
 - a. an initial payment equal to 40% of the premium due at policy inception;
 - b. a second payment equal to 20% of the premium due 3 months from policy inception; and
 - c. a third payment equal to 20% of the premium due 6 months from policy inception.
 - d. a fourth payment equal to 20% of the premium due 9 months from the policy inception
2. For annual premiums in excess of \$80,000, a four-installment payment plan payable as follows:
 - a. an initial payment equal to 25% of the premium due at policy inception;
 - b. a second payment equal to 25% of the premium due 3 months from policy inception;
 - c. a third payment equal to 25% of the premium due 6 months from policy inception;
 - d. a fourth payment equal to 25% of the premium due 9 months from policy inception;

Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction.

There are no interest charges or installment fees charged for premium installment payment plans.

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 - d. a fourth payment equal to 25% of the premium due 9 months from policy inception;

Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction.

I. APPLICATION OF MANUAL

- A. The rules contained in these pages govern the writing of Professional and General Liability policies for Allied Health professionals.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, will govern in all cases not specifically provided for herein.

II. POLICY TERM

- A. Policies may be written for a term of one year and renewed annually thereafter.

Coverage may be extended for a period not to exceed sixty (60) days beyond expiration date, subject to the consent of the Company and the rates and forms in effect for the expiring policy term. Premiums for this extension shall be calculated on a pro-rata basis.

Coverage may be renewed, subject to the consent of the Company, for additional periods by payment of a premium calculated according to the company's rates, rules and forms in effect at the time of renewal.

III. PREMIUM COMPUTATION

- A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.
- B. When a policy is issued for other than a whole year, the premiums will be computed on a pro-rata basis.

IV. FACTORS OR MULTIPLIERS

Unless otherwise noted, factors or multipliers are to be applied consecutively, as opposed to being added together.

V. POLICY WRITING MINIMUM PREMIUM

No policy minimum premium applies.

VI. WHOLE DOLLAR RULE

- A. The premium for each peril, coverage or exposure for which a separate premium is calculated will be rounded to the nearest whole dollar as follows:
 - 1. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.
 - 2. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

VII. ADDITIONAL PREMIUM CHARGES

- A. All coverage changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.
- B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations.
- C. Additional premiums of \$24 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

VIII. RETURN PREMIUMS

- A. Deletion of any coverage other than an optional coverage is not permitted unless the entire policy is cancelled.
- B. Return premiums are computed using rates in effect at the policy inception.
- C. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any coverage or exposure is deleted, or an amount of insurance is reduced.

IX. POLICY CANCELLATIONS

- A. This policy may be canceled flat by the Insured within 60 days of the effective date. Evidence of such cancellation must be received by the Company within the 60-day period.
- B. Any cancellation initiated by the Company more than 60 days from inception will be computed on a pro-rata basis.
- C. Cancellation initiated by the Insured will be computed pro rata less a penalty of 10% unless the same coverage is rewritten by the Company, in which case no penalty shall be applied.

X. COVERAGE

- A. Professional Liability is available on an occurrence or claims made basis.
- B. General Liability is provided on an occurrence or claims made basis.

XI. ELIGIBILITY

Rate Tables I and II under Section XVI. of these rules list the categories of service providers that are eligible for coverage.

The following additional eligibility/rating criteria apply to entities:

- 1. Entities with more than 75 full time equivalent employees will be written on a Refer to Company basis.

XII. LIMITS OF LIABILITY

A. The rates displayed in Rate Tables I and II under Section XVI. are to be treated as follows:

1. Table I provides Professional Liability rates for all allied health professionals, other than Optometrists and Opticians, for limits of \$1,000,000/\$3,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits below \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

Aggregate	25	100	200	250	500	1,000
75	0.395					
300		0.632				
500				0.752	0.822	
600			0.712			
750				0.758	0.830	
1,000					0.834	0.944
3,000						1.000

2. Table II provides Professional Liability rates for Optometrists and Opticians for limits of \$1,000,000/\$1,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits up to \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

Per Professional Incident (000) / Aggregate	
100 / 300	0.449
200 / 600	0.590
250 / 750	0.638
300 / 800	0.682
400 / 900	0.760
500 / 1,000	0.816
1,000 / 1,000	1.000
1,000 / 2,000	1.010
1,000 / 3,000	1.020

XIII. DEDUCTIBLE

The basic Allied Health Professional Liability policy has no deductible.

For firms or entities, the following deductible options may be selected, and the insured is responsible for the entire amount of each loss up to the selected deductible amount.

Deductible eroded by Indemnity	Factor
\$2,500	.975
\$ 5,000	.950
\$10,000	.925
\$15,000	.900
\$20,000	.875
\$25,000	.850
Over \$25,000	Refer to Company

Deductible eroded by Indemnity and Other Payments	Factor
\$2,500	0.968
\$ 5,000	0.935
\$10,000	0.903
\$15,000	0.870
\$20,000	0.838
\$25,000	0.805
Over \$25,000	Refer to Company

XIV. OPTIONAL COVERAGES

A. Additional Insured

An additional insured may be added to the policy for a charge of \$250, with the exception of certified members of the National Association of Alcoholism and Drug Abuse Counselors (NAADAC) as defined in Note 1 under Rate Table 1 of Section XVI of these rules. For certified members of NAADAC the additional insured charge is \$50. Such additional insureds may include clinics, hospitals, etc., to which the insured may be contracted.

Lessors may be added to the policy as an additional insured at no additional premium. (All other additional insureds must be referred to the Company for underwriting.)

Additional insureds as described in this section will be added on a shared limits basis.

B. General Liability

General Liability is available for an additional premium. The occurrence General Liability premium is calculated at 10% of the mature claims made professional liability premium at the same limit of liability. If the General Liability coverage is provided on a claims made basis then the premium must be calculated as the occurrence premium multiplied by the appropriate step factor. The premium for other limits will be rated on a refer to company basis. Entities (Organizations including Corporations, Partnership, Joint Venture, Trust or Limited Liability Company) are subject to a minimum charge of \$250.

If General Liability coverage is purchased, then Employee Benefits Liability coverage is available at no additional premium.

Insureds that purchase General Liability may obtain coverage for Certified Acts of Terrorism, as defined in the Terrorism Risk Insurance Act of 2002, for an additional premium charge of up to 5% of the otherwise applicable General Liability premium.

C. Non-Owned Automobile Liability

This coverage option is available for entities only. The premium is calculated by multiplying the applicable rate by the total number of employees. The rates for the available limits options (000) are shown in the table below, along with the minimum premiums applicable to this coverage option.

	\$250/\$250	\$500/\$500	\$1,000/\$1,000	\$1,000/\$3,000
Per Employee Charge	\$14	\$16	\$18	\$20
Minimum Premium	\$250	\$500	\$1,000	\$1,000

D. Claims Made Coverage

The following rating procedures apply to professional liability written on a claims made basis:

1. Determine the applicable occurrence premium.
2. Determine the retroactive date. If the date goes back 5 years or more, the Mature Claims-Made Factor from the Claims Made Step Factor table should be applied to the premium developed in 1. above.

Note: The retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgement.

3. If the allied health professional is just entering practice, has been continuously insured under an occurrence policy or if no prior acts coverage is being provided, select the year 1 claims made factor from the Claims Made Step Factor table and apply it to the occurrence premium determined in 1. above.
4. If the allied health professional has been insured under a claims made policy for one or more years immediately preceding the effective date of the policy to be issued, and prior acts coverage is being provided, the following procedure will apply:
 - a. Determine the number of years in which the allied health professional has been insured under a claims made policy;
 - b. The number determined in a. above will be the "prior years of exposure". Fractional years of 6 months or more will be rounded up to the next higher year; less than 6 months will be rounded down to the next lower year.
 - c. The selection from the Claims Made Step Factor table is made by adding one year to the "prior years of exposure" developed in a. and b. above. The additional year is to account for the new policy to be issued.
 - d. The applicable factor in the Claims Made Step Factor **table** is to be applied to the premium developed in 1. above.

TABLE OF CLAIMS-MADE STEP FACTORS

YEARS	STEP FACTORS
YEAR 1	.55
YEAR 2	.69
YEAR 3	.82
YEAR 4	.91
YEAR 5 OR MORE (Mature)	1.00

E. Extended Reporting Period Coverage

An extended reporting period may be provided for up to an unlimited basis, subject to the following:

1. Except as described in 6. below, the extended reporting period is available only if the policy is cancelled or nonrenewed by either the company or the insured.
2. The insured must notify us in writing of his or her election of the extended reporting period within 60 days of the effective date of termination of the policy.
3. Any earned premium due on the policy and the premium for the extended reporting period must be paid in full before the extended reporting period will be effective.
4. The entire premium for the extended reporting period will be deemed earned when the extended reporting period begins.

5. The premium for the extended reporting period will be developed by applying the appropriate factor from the table below to the mature claims made premium for Coverage A otherwise developed for the risk based on the rates and rules in effect for us at the time of purchase of the extended reporting period:

Claims-Made Year	Length of ERP (Years)				
	1	2	3	5	Unlimited
1	0.278	0.428	0.533	0.556	0.579
2	0.424	0.676	0.824	0.847	0.870
3	0.539	0.843	0.995	1.019	1.042
4+	0.602	0.915	1.071	1.095	1.119

6. The premium for the extended reporting period will be waived if the insured is an individual and:
 - i. Dies or becomes totally and permanently disabled during the policy period; or
 - ii. Retires, if at least age 55 and insured for professional liability by us for 5 or more continuous years.

If the insured returns to the practice of his or her professional services after retirement or after a period of total and permanent disability and after the issuance of the extended reporting period Endorsement and premium waiver, the extended endorsement will be cancelled unless the insured contacts us within 30 days to request an extended reporting period without waiver of premium and pays the appropriate extended reporting period premium developed from the rates, rules and rating plans in effect for us at the time of the insured's retirement or disability.

7. The extended reporting period does not increase or reinstate the limits of liability.

F. Leave of Absence

Subject to Company underwriting approval, coverage under an in-force policy may be suspended for a period of not less than 30 days, and not more than six months. This suspension may be made without premium adjustment. The expiration of the policy is extended by the same length of time that the policy was suspended. This feature can be used for a parental leave, medical leave, military call-up to active duty, or a sabbatical.

XV. PREMIUM CALCULATION RULES

A. Base Rates.

The premium for this policy is calculated on a "per professional" basis. The base rates will be applied in accordance with the allied health professional specialty as shown in Tables I and II of Section XVI. If two or more classifications apply to the same professional, the highest rated classification is to be used.

B. Base Rate Adjustments.

1. Part Time. A part-time base rate adjustment factor of .50 will apply to any individual allied health professional who is self-employed and works 16 hours or less per week.

C. Surcharges

Category	Surcharge
Supplemental Staffing	A surcharge of up to 25% will apply to entities or individuals engaged in supplemental staffing.
Registry	A registry surcharge of up to 25% will apply to entities or individuals that do registry services.
Background Check	A surcharge of up to 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of up to 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.
High Tech / Critical Care	A surcharge of up to 25% will apply to entities or individuals engaged in high tech / critical care services, including Surgical, Pediatric, Infusion Therapy, and Tracheotomy/Ventilator Care.

The surcharges shown above are additive if more than one applies, subject to a maximum surcharge of 65%.

D. Full Time Equivalent (FTE).

For all types of risks other than individuals and students, calculate the number of applicable FTEs as follows:

In accordance with the professional rate classifications, sum the total annual hours worked for each classification. Divide each of these totals by classification by 2000 hours (one Full Time Equivalent) to establish the number of FTE slots to be charged for each classification. Fractions of FTE slots per applicable classification grouping will be rounded up to the next highest FTE.

E. Schedule Rating

The schedule rating credit or debit will be equal to the sum of the selected credits or debits given for each of the individual risk characteristics shown in the table below, subject to a maximum credit or debit of 25%.

Characteristic	Max Credit	Max Debit
Claims History	25%	25%
Risk Management	20%	20%
Nature of Operations	15%	15%

F. Territorial Multiplier

Apply the territorial multiplier shown in the state exception pages. Select the territorial multiplier associated with the territory in which the individual works.

G. Entity Rating Factor

An entity rating factor of up to 1.20 will apply to all entities (Organizations including Corporations, Partnership, Joint Venture, Trust or Limited Liability Company) in addition to any other rating factors that apply, subject to a minimum charge of \$1,000. This rating rule is applied after the application of the increased limits factor but before any other rating factors. This rating rule also applies to student blanket policies.

H. Internet Discount

A 5% credit shall be applied to policies marketed through electronic commerce distribution channels.

XVI. Rates

Table I

Professional Classification	Professional Rate	Student Rate
Addiction Counselor (NAADAC Program) (1)	169	21
Addiction Counselor (Non-NAADAC) (2)	368	21
Addiction Interventionist	490	N/A
Administrative/Clerical	110	37
All other Aide, Assistant, or Technician	264	88
Art, Music, Dance, Pet, and Recreation Therapist (2)	264	N/A
Audiologist	264	88
Auricular & Full Body Acupuncture Therapy and Counseling	736	243
Auricular Acupuncture Therapy and Counseling	368	122
Behavioral Analyst	368	21
Blood Bank Technician	264	88
Cardiology Technician	264	88
Case Workers and Case Manager (2)	368	122
Certified Employee Assistance Professional	283	21
Certified Tech./ Assistant	264	88
Companion	128	43
Cytotechnologist	264	88
Dental Assistant	111	37
Dental Hygienist	264	88
Dialysis Technician	264	88
Dietician/Nutritionist	264	88
EKG/EEG Technician	264	88
Health Educator (2)	264	88
Home Health Aide	170	57
Homemaker	128	43
Intern Mental Health/Addiction Counselor	264	NA
Lab Technician	264	88
Licensed or Certified Mental Health Counselor (2)	368	21
LPN	264	88
Marriage and Family Therapists/Counselor (2)	368	21
Massage Therapist	490	163
Medical Office Assistant	111	37
Medical Records Technician	264	88
Medical Technologist	264	88
MRI Technician	264	88
Nurse Aide	153	51
Nurse Practitioner	1063	354
Nurse/RN	298	99
Occupational Therapist	340	113
Paramedics/EMTs (Eligible for Students Only)	N/A	170
Pastoral Counselor	368	N/A
Pathology Assistant	264	88
Patient Intake Technician	111	N/A
Personal Coach	368	N/A
Pharmacist (Mail Order, Nuclear)	638	213
Pharmacist (Non-Mail Order – Non-Nuclear)	510	170

Professional Classification	Professional Rate	Student Rate
Pharmacy Assistant	170	57
Pharmacy Technician (Dispensing)	255	85
Phlebotomist	264	88
Physical Therapist	490	163
Physician's Assistant	N/A	567
Psychological Assistant (Masters Degree) (2)	490	N/A
Psychologist (Bachelors or Masters Degree) (2)	1063	N/A
Psychologist (Doctorate Degree)	1063	Post Doctoral 264
Radiological Technologist	264	88
Rehabilitation Counselor/Therapist	368	21
Rehabilitation Counselor/Therapist Assistant	264	N/A
Respiratory Assistant	264	88
Respiratory Therapist	510	170
Social Worker (2)	368	21
Speech Therapist (2)	340	113
Surgical Assistant	N/A	567
Surgical Technologist	264	88
Surgical Technologist/First Assistant	264	88
Ultrasound Technician	264	88
Utilization Review Technician (2)	368	N/A
Volunteer	111	N/A
Wellness Counselor (2)	368	21
X-Ray Machine Operator/Technician	264	88

Note 1.

Certified Members of the National Association of Alcoholism and Drug Abuse Counselors (NAADAC) are to be written in conjunction with the Behavioral Health Purchasing Group with the rate shown in Table I for limits of \$ 1,000,000 Per Professional Incident / \$ 3,000,000 Aggregate. This rate contemplates coverage for individuals who have been NCAC certified as members of NAADAC. The only Optional Coverages under Section XIV offered for these members are the Entity Coverage Extension, the Additional Insured Endorsement and Claims Made Coverage.

Note 2.

A credit of up to 50% applies to individuals who receive primary professional liability coverage from their employer.

Table II

Allied Health Professional Liability Rate Table – Optometrists/Opticians		
Basic Limits - \$1,000,000 / \$1,000,000		
Professional Classification	Professional Rate	Student Rate
Optometrists	354	118
Opticians	249	83

State Exceptions. Selected countrywide rules are amended as described below:

- I. Under Rule XV. PREMIUM CALCULATION RULES, Rule C. Surcharges is replaced with the following:
Surcharges

Category	Surcharge
Supplemental Staffing	A surcharge of 25% will apply to entities or individuals engaged in supplemental staffing.
Registry	A registry surcharge of 25% will apply to entities or individuals that do registry services.
Background Check	A surcharge of 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.
High Tech / Critical Care	A surcharge of 25% will apply to entities or individuals engaged in high tech / critical care services, including Surgical, Pediatric, Infusion Therapy, and Tracheotomy/Ventilator Care.

The surcharges shown above are additive if more than one applies, subject to a maximum surcharge of 65%.

- II. Under Rule XV. PREMIUM CALCULATION RULES, Rule F., the following Territorial Multiplier applies:

Territory Definitions	Multiplier
1 – Cook County	1.40
2 – Counties of Dupage, Lake and Will	1.20
3 – Remainder of State	1.00

- III. The following rule has been added

PREMIUM PAYMENT INSTALLMENTS

The following installment premium payment plans shall be offered:

1. For annual premiums up to and including \$80,000, a four-installment payment plan payable as follows:
 - a. an initial payment equal to 40% of the premium due at policy inception;
 - b. a second payment equal to 20% of the premium due 3 months from policy inception; and
 - c. a third payment equal to 20% of the premium due 6 months from policy inception.
 - d. a fourth payment equal to 20% of the premium due 9 months from the policy inception
2. For annual premiums in excess of \$80,000, a four-installment payment plan payable as follows:
 - a. an initial payment equal to 25% of the premium due at policy inception;
 - b. a second payment equal to 25% of the premium due 3 months from policy inception;
 - c. a third payment equal to 25% of the premium due 6 months from policy inception;
 - d. a fourth payment equal to 25% of the premium due 9 months from policy inception;

Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction.

There are no interest charges or installment fees charged for premium installment payment plans.

**Allied Health Professional and General Liability General Rules
Exceptions – Human Services Agencies**

Select Countrywide and State rating rules have been amended for Human Service Agencies as follows:

- I. Under XV. PREMIUM CALCULATION RULES, Rule F., the following Human Services Territorial Multiplier applies:

- a. Human Service Agencies - Territory Definition: Entire State
- b. Human Service Agencies - Territory Multiplier: 1.00

- II. Section XV. Premium Calculation Rules, subsection G Entity Rating Factor has been amended to add the following:

For Human Service Agencies only, an entity rating factor, as outlined in Table III as the Professional Classification "Agency", will apply to all Human Services Agencies. This rating rule is applied before the application of any other rating factors. No other entity factor is applicable for Human Service Agencies.

- III. Section XII. Limits of Liability has been amended to add the following:

- B. The rates outlined in Table III provide Professional Liability rates for all allied health professionals of Human Services Agencies, for limits of \$1,000,000/\$3,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits below \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

Aggregate	25	100	200	250	500	1,000
75	0.395					
300		0.632				
500				0.752	0.822	
600			0.712			
750				0.758	0.830	
1,000					0.834	0.944
3,000						1.000

- IV. Section XVI. Rates have been amended to include the following Human Services Agency professional classifications:

Table III – Human Services Agencies - The premium for Human Services Agencies will be calculated on a "per professional" basis. The table below provides Professional Liability rates for Human Services Agencies, for limits of \$1,000,000/\$3,000,000. The base rates will be applied in accordance with the table below. Differential limits are available as outlined in Section XII. Limits of Liability

Allied Health Professional Liability Rate Table – Human Services Agencies	
Basic Limits - \$1,000,000 Each claim / \$3,000,000 Aggregate	
Professional Classifications	Rate
Agency	\$ 992
Homemaker, Sitter, Companion	\$ 62
Home Health Aid	\$ 62
Nurse Aid	\$ 62
Clerical, Administrative	\$ 62
Bereaval Therapist	\$ 62
Dietician/Nutritionists	\$ 99
Licensed Practical Nurse (LPN)	\$ 133
Dental Hygienist	\$ 133
Pharmacy Assistant	\$ 133
Lab Technician	\$ 133
EKG-Ultrasound Technician, Echocardiogram Technician, X-ray Technician, Radiological Technician	\$ 133
Medical Technician	\$ 133
Certified Medical Assistant	\$ 133
Nurse/RN	\$ 164
Enterostomal Therapist	\$ 164
Social Worker	\$ 164
Dialysis Technician	\$ 164
Occupational Therapist	\$ 196
Speech Pathologist	\$ 196
Medical Director	\$ 217
Pharmacist	\$ 292
Physical Therapist	\$ 381
Respiratory Therapist	\$ 381
Phlebotomist	\$ 381
Pastoral Counselor/Clergy	\$ 381
Nuclear Medicine Technician	\$ 381
Radiation Therapist	\$ 381
Psychologist	\$ 626
Nurse Practitioner	\$ 818
Physician Assistant	\$ 818
Paramedic/Emergency Medical Technician (EMT)	\$ 818
Psychiatrist	\$ 1,528
Paraprofessional Social Worker	\$ 46
Addiction Interventionist	\$ 46
Addiction Counselor	\$ 164

ACE
Human Services Professional Liability
Actuarial Memorandum

The objective of this filing is to introduce new rates for Human Services classes to the Allied Health rating plan which was last revised and approved in 2008. The effect of this filing is 0% as ACE has not written any business in these classes to date.

To support this filing we have included a rate level indication package.

The state exception page provides the proposed initial rates for the addition of Human Service classes to our filing for Allied Healthcare Providers Professional Liability.

The rates are for limits of \$1,000,000/\$3,000,000 and all other existing Allied Healthcare Providers Professional Liability rules and rate factors apply.

The proposed \$1,000,000/\$3,000,000 rates match those currently in use for a program written by AIG. The exhibit below supports the adoption of the existing rates by ACE based on the resulting indication of no change for policy year effective 4/1/09. The underlying experience shown in the exhibit is for the Human Service classes written by AIG.

ACE
Human Services Professional Liability
Derivation of Indicated Rate Change

1 Irwin Siegel Human Services Program Nationwide Historical Experience @12/31/07

Policy Year	1M/3M Premium	200k/600k Premium	200k/600k Reported 12/08 Loss + ALAE	200k/600k Selected Ultimate	200k/600k Selected Ult. LR
2004	2,880,345	2,050,806	\$ 115,000	581,372	28%
2005	2,295,023	1,634,056	\$ 70,000	464,625	28%
2006	2,338,258	1,664,840	\$ 223,998	745,177	45%
2007	1,966,447	1,400,110	\$ 332,393	858,967	61%

x 2 Factors to Adjust to 4/1/09 Policy Period

Policy Year	Factor to Adjust Premium to Current Level	Trend Factors @ 6%/yr
2004	0.609	1.358
2005	0.699	1.281
2006	0.813	1.208
2007	0.875	1.140

= 3 Premium, Loss + ALAE, and Loss + ALAE Ratio at 4/1/09 Policy Level

Policy Year	Premium Adjusted to Current Level	L+ALAE at 4/1/09 PY Level	PY 4/1/09 Projected Ult. LR
2004	1,249,428	789,423	63%
2005	1,142,546	595,186	52%
2006	1,352,814	900,541	67%
2007	<u>1,224,532</u>	<u>979,297</u>	<u>80%</u>
	4,969,319	3,264,446	66%

4 Expense assumptions	Commission & Brokerage	17.5%
	Other acquisitions	2.5%
	General	6.0%
	Taxes, Licenses & Fees	3.0%
	<u>Profit & Contingencies</u>	<u>5.0%</u>
	Total	34.0%

5 Indication = (3)/[1.00 - (4)] -1 No change

6 Proposal: No change to existing program rates.

Allied Health Experience

Exhibit 1

State = IL

Annual Loss Trend
Effective Date 3.0%
5/1/2008

Allied Health Claims Made

Report Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Loss Trend Factors	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	0	0	0	1.000	1.000	0	0	0	1.3376	0	2.316	0	#DIV/0!
1999	0	0	0	1.000	1.000	0	0	0	1.2987	0	2.316	0	#DIV/0!
2000	0	0	0	1.005	1.002	0	0	0	1.2607	0	2.316	0	#DIV/0!
2001	0	0	0	1.027	1.011	0	0	0	1.2240	0	2.315	0	#DIV/0!
2002	0	0	52,506	1.072	1.033	0	0	0	1.1884	0	2.096	110,063	0.0%
2003	0	0	390,864	1.171	1.149	0	0	0	1.1537	0	1.943	759,316	0.0%
2004	105,928	145,928	414,101	1.365	1.346	144,590	196,400	170,495	1.1201	190,964	1.787	739,932	25.8%
2005	650	650	382,627	1.599	1.556	1,039	1,012	1,025	1.0874	1,115	1.086	415,352	0.3%
2006	0	0	251,274	2.834	2.110	0	0	0	1.0558	0	1.000	251,274	0.0%
2007	0	0	189,919	21.300	10.653	0	0	0	1.0250	0	1.000	189,919	0.0%
Total	106,578	146,578	1,681,290			145,629	197,412	171,521		192,079		2,465,855	7.8%
2004-2006	106,578	146,578	1,048,001			145,629	197,412	171,521		192,079		1,406,557	13.7%
2003-2007	106,578	146,578	1,628,784			145,629	197,412	171,521		192,079		2,355,793	8.2%

Allied Health Occurrence

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Loss Trend Factors	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	157,210	157,210	92,163	1.012	1.016	159,073	159,658	159,366	1.3376	213,171	2.316	213,436	99.9%
1999	0	0	108,485	1.012	1.016	0	0	0	1.2987	0	2.316	251,236	0.0%
2000	14,504	14,504	114,397	1.023	1.055	14,833	15,300	15,067	1.2607	18,995	2.316	264,926	7.2%
2001	0	0	197,508	1.056	1.109	0	0	0	1.2240	0	2.315	457,305	0.0%
2002	0	0	225,038	1.163	1.186	0	0	0	1.1884	0	2.096	471,723	0.0%
2003	4,293	4,293	255,703	1.285	1.243	5,515	5,337	5,426	1.1537	6,260	1.943	496,744	1.3%
2004	6,244	6,244	166,787	1.793	1.628	11,196	10,165	10,680	1.1201	11,962	1.787	298,021	4.0%
2005	0	0	124,591	4.564	3.260	0	0	0	1.0874	0	1.086	135,247	0.0%
2006	0	0	119,278	29.884	14.471	0	0	0	1.0558	0	1.000	119,278	0.0%
2007	0	0	116,680	464.717	247.482	0	0	0	1.0250	0	1.000	116,680	0.0%
Total	182,251	182,251	1,520,630			190,617	190,460	190,539		250,388		2,824,596	8.9%
2004-2006	6,244	6,244	410,656			11,196	10,165	10,680		11,962		552,547	2.2%
2003-2007	10,537	10,537	783,039			16,711	15,502	16,106		18,223		1,165,970	1.6%

Allied Health Occurrence + Claims-Made

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio	Claims
1998	157,210	157,210	92,163			159,073	159,658	159,366	213,171		213,436	99.9%	
1999	0	0	108,485			0	0	0	0		251,236	0.0%	
2000	14,504	14,504	114,397			14,833	15,300	15,067	18,995		264,926	7.2%	
2001	0	0	197,508			0	0	0	0		457,305	0.0%	
2002	0	0	277,544			0	0	0	0		581,786	0.0%	
2003	4,293	4,293	646,566			5,515	5,337	5,426	6,260		1,256,060	0.5%	
2004	112,172	152,172	580,887			155,786	206,565	181,175	202,926		1,037,953	19.6%	
2005	650	650	507,217			1,039	1,012	1,025	1,115		550,599	0.2%	
2006	0	0	370,552			0	0	0	0		370,552	0.0%	
2007	0	0	306,599			0	0	0	0		306,599	0.0%	
Total	288,829	328,829	3,201,920			336,246	387,872	362,059	442,467		5,290,452	8.4%	19
2004-2006	112,822	152,822	1,458,657			156,825	207,577	182,201	204,041		1,959,104	10.4%	
2003-2007	117,116	157,116	2,411,822			162,340	212,914	187,627	210,301		3,521,763	6.0%	

Full Credibility Standard

6500
Credibility

a) Estimated Loss & ALAE Ratio	8.2%	
b) Permissible Loss & ALAE Ratio	71.0%	
c) Indicated Change	-88.4%	0.05
d) Trended Loss & ALAE Ratio	60.0%	
e) Permissible Loss & Alae Ratio	71.0%	
f) Complement of Credibility Indication	-15.5%	0.95
Credibility Weighted Indication	-19.4%	

Allied Health
Countrywide Experience

Annual Loss Trend Effective Date													3%
5/1/2008													
Report Year	Paid Loss	Incurred Loss	Earned Premium	Written Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	0	0	12,907	14,980	1.000	1.000	0	0	0	0	2.084	26,892	0.0%
1999	0	0	17,953	23,873	1.000	1.000	0	0	0	0	2.084	37,407	0.0%
2000	0	0	77,261	104,011	1.005	1.002	0	0	0	0	2.084	160,981	0.0%
2001	2,549,307	4,049,307	550,441	814,578	1.027	1.011	2,618,525	4,094,753	3,356,639	4,108,565	2.083	1,146,543	358.3%
2002	1,724,936	1,799,936	3,719,289	5,541,446	1.072	1.033	1,849,812	1,860,003	1,854,908	2,204,299	1.805	6,713,146	32.8%
2003	1,368,546	1,399,046	7,926,495	9,569,561	1.171	1.149	1,603,119	1,608,182	1,605,650	1,852,516	1.824	12,872,629	14.4%
2004	3,197,401	3,643,999	10,276,556	11,145,332	1.365	1.346	4,364,378	4,904,341	4,634,360	5,190,730	1.506	15,475,421	33.5%
2005	3,367,682	3,543,186	12,382,586	12,570,067	1.599	1.556	5,383,684	5,514,833	5,449,259	5,925,689	1.050	13,003,732	45.6%
2006	1,725,753	2,432,961	9,873,532	9,136,626	2.834	2.110	4,890,626	5,132,867	5,011,747	5,291,190	1.000	9,873,532	53.6%
2007	277,694	603,073	8,537,028	7,590,602	21.300	10.653	5,914,927	6,424,719	6,169,823	6,324,114	1.000	8,537,028	74.1%
Total	14,211,319	17,471,508	53,374,049	56,511,076			26,625,071	29,539,698	28,082,385	30,897,103		67,847,312	45.5%

Allied Health Occurrence

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Written Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	22,495	22,495	115,918	130,260	1.012	1.016	22,762	22,846	22,804	30,503	2.084	241,527	12.6%
1999	503,350	503,350	293,869	532,257	1.012	1.016	509,317	511,190	510,254	662,646	2.084	612,302	108.2%
2000	691,325	691,325	1,283,025	1,680,654	1.023	1.055	707,001	729,288	718,145	905,388	2.084	2,673,300	33.9%
2001	3,600,308	3,626,308	2,871,741	4,363,570	1.056	1.109	3,802,748	4,020,573	3,911,660	4,787,917	2.083	5,981,700	80.0%
2002	4,950,901	5,366,401	5,697,203	5,669,150	1.163	1.186	5,756,620	6,363,404	6,060,012	7,201,480	1.805	10,283,191	70.0%
2003	1,764,117	1,814,119	4,024,955	3,198,154	1.285	1.243	2,266,022	2,255,095	2,260,558	2,608,115	1.624	6,536,527	39.9%
2004	148,905	202,734	3,244,361	3,402,389	1.793	1.628	266,991	330,027	298,509	334,346	1.506	4,885,669	6.8%
2005	946,210	1,118,213	3,259,821	3,300,724	4.564	3.260	4,318,576	3,645,263	3,981,920	4,330,060	1.050	3,423,343	126.5%
2006	86,637	258,092	4,086,127	4,100,382	29.884	14.471	2,589,036	3,734,730	3,161,883	3,338,182	1.000	4,086,127	81.7%
2007	9,293	9,953	3,948,696	3,850,664	464.717	247.482	4,318,570	2,463,165	3,390,867	3,475,664	1.000	3,948,696	88.0%
Total	12,723,541	13,612,990	28,825,715	30,228,203			24,557,643	24,075,581	24,316,612	27,674,302		42,672,381	64.9%

Allied Health Occurrence + Claims-Made

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Written Premium	Paid LDF	Incld LDF	Paid Loss x LDF	Incld Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	22,495	22,495	128,825	145,239			22,762	22,846	22,804	30,503		268,419	11.4%
1999	503,350	503,350	311,822	556,130			509,317	511,190	510,254	662,646		649,709	102.0%
2000	691,325	691,325	1,360,286	1,784,665			707,001	729,288	718,145	905,388		2,834,281	31.9%
2001	6,149,615	7,675,615	3,422,182	5,178,148			6,421,272	8,115,326	7,268,299	8,896,482		7,128,243	124.8%
2002	6,675,836	7,166,336	9,416,492	11,210,596			7,606,432	8,223,407	7,914,919	9,405,779		16,996,338	55.3%
2003	3,132,663	3,213,165	11,951,450	12,767,715			3,869,141	3,863,276	3,866,208	4,460,631		19,409,155	23.0%
2004	3,346,306	3,846,733	13,520,917	14,547,720			4,631,369	5,234,369	4,932,869	5,525,076		20,361,089	27.1%
2005	4,313,892	4,661,399	15,642,407	15,870,791			9,702,260	9,160,097	9,431,178	10,255,749		16,427,075	62.4%
2006	1,812,390	2,691,053	13,959,660	13,237,008			7,479,662	8,867,597	8,173,630	8,629,372		13,959,660	61.8%
2007	286,987	613,026	12,485,724	11,441,267			10,233,497	8,887,884	9,560,690	9,799,778		12,485,724	78.5%
Total	26,934,860	31,084,498	82,199,764	86,739,279			51,182,714	53,615,280	52,398,997	58,571,405		110,519,692	53.0%

Selected Loss & ALAE Ratio
For Compliment of Credibility Indication

60.0%

Calculation of Permissible Loss and ALAE Ratio

<u>Expenses</u>	<u>% of Premium</u>
Commissions	17.00%
Other Acquisition	2.00%
General Expenses	3.50%
Taxes, Licenses, Fees	1.50%
Unallocated LAE	4.80%
<u>Other Expense</u>	<u>0.00%</u>
Subtotal Expenses	28.80%
Profit & Contingencies	13.62%
<u>Offset for Investment Income</u>	<u>-13.40%</u>
Profit Net of Inv Income	0.22%
(1) Expense Ratio incl ULAE	29.02%
(2) Permissible Loss & ALAE Ratio	70.98%
1.0 - [(1)]	

On-Level Factor Calculation

<u>IL</u>	<u>Filing</u>	<u>Effective</u> <u>Date</u>	<u>Year</u>	<u>% of Year</u> <u>Elapsed</u>	<u>Filed</u> <u>Change</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>If change</u> <u>in year %</u> <u>of the way in</u>	<u>% before</u> <u>prior year</u> <u>change</u>	<u>% between</u> <u>changes</u>	<u>% from</u> <u>change in</u> <u>year</u>	<u>Earned</u> <u>Index</u>	<u>On-Level</u> <u>Factor</u>
93-356						1995	1,000	1995	100.0%	0.0%	100.0%	0.0%	--	
99-144		12/15/1999	1999	95.3%	0.0%	1996	1,000	1996	100.0%	50.0%	50.0%	0.0%	--	
99-227		NA	--	--	NA	1997	1,000	1997	100.0%	50.0%	50.0%	0.0%	1,000	2,316
01-190		12/15/2001	2001	95.3%	19.2%	1998	1,000	1998	100.0%	50.0%	50.0%	0.0%	1,000	2,316
03-369		7/27/2004	2004	57.0%	94.3%	1999	1,000	1999	95.3%	50.0%	49.9%	0.1%	1,000	2,316
						2000	1,000	2000	100.0%	45.5%	54.5%	0.0%	1,000	2,316
						2001	1,192	2001	95.3%	50.0%	49.9%	0.1%	1,000	2,315
						2002	1,192	2002	100.0%	45.5%	54.5%	0.0%	1,105	2,096
						2003	1,192	2003	100.0%	50.0%	50.0%	0.0%	1,192	1,943
						2004	2,316	2004	57.0%	50.0%	40.7%	9.3%	1,296	1,787
						2005	2,316	2005	100.0%	16.2%	83.8%	0.0%	2,133	1,086
						2006	2,316	2006	100.0%	50.0%	50.0%	0.0%	2,316	1,000
						2007	2,316	2007	100.0%	50.0%	50.0%	0.0%	2,316	1,000
						2008	2,316	2008	100.0%	50.0%	50.0%	0.0%	2,316	1,000

Allied Health Incurred Loss Development

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	
2000		0	0	0	0	0	0	0	0		
2001		438,664	1,881,821	2,623,801	2,257,093	2,473,294	4,074,161	4,049,307			
2002		161,190	617,132	673,174	736,714	1,777,332	1,799,936				
2003		58,653	999,385	1,491,925	1,595,674	1,399,046					
2004		398,442	3,016,568	3,261,490	3,643,999						
2005		1,259,498	3,424,733	3,543,186							
2006		714,421	2,432,961								
2007		603,073									
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998											
1999											
2000											
2001		4.290	1.394	0.860	1.096	1.647	0.994				
2002		3.829	1.091	1.094	2.413	1.013					
2003		17.039	1.493	1.070	0.877						
2004		7.571	1.081	1.117							
2005		2.719	1.035								
2006		3.405									
All Year		6.476	1.219	1.035	1.462	1.330	0.994				
3 Year		4.565	1.203	1.094	1.462						
Ex Hi/Lo		4.774	1.189	1.082	1.096						
Median		4.059	1.091	1.082	1.096	1.330	0.994				
Tri Sel		4.968	1.175	1.073	1.279	1.330	0.994				
Prof Study		5.131	1.536	1.240	1.125	1.058	1.025	1.009	1.002	1.000	
Wt to Tri		50%	50%	50%	30%	20%	10%	0%	0%	0%	
Select		5.050	1.355	1.156	1.171	1.112	1.022	1.009	1.002	1.000	
Age-Ult		10.653	2.110	1.556	1.346	1.149	1.033	1.011	1.002	1.000	

Allied Health Incurred Loss Development

Annual Health Incidents 2000 Development											
Occurrence Policies											
Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998	0	10,111	10,430	18,753	23,828	24,402	22,746	22,495	22,495	22,495	22,495
1999	0	33,288	43,424	68,963	88,859	151,565	502,794	503,350	503,350		
2000	0	14,764	258,191	1,469,302	630,061	596,800	669,858	691,325			
2001	5,639	272,251	693,712	2,399,105	5,082,911	3,660,746	3,626,308				
2002	14,072	925,648	2,087,975	4,142,367	4,893,681	5,366,401					
2003	23,285	839,024	1,711,327	1,695,998	1,814,119						
2004	22,627	100,570	126,850	202,734							
2005	3,754	60,701	1,118,213								
2006	12,886	258,092									
2007	9,953										
Age to Age		12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
1998			1.032	1.798	1.271	1.024	0.932	0.989	1.000	1.000	
1999			1.304	1.588	1.289	1.706	3.317	1.001	1.000		
2000			17.487	5.691	0.429	0.947	1.122	1.032			
2001	48.279		2.548	3.458	2.119	0.720	0.991				
2002	65.782		2.256	1.984	1.181	1.097					
2003	36.034		2.040	0.991	1.070						
2004	4.445		1.261	1.598							
2005	16.170		18.422								
2006	20.029										
All Year	31.790		5.794	2.444	1.226	1.099	1.591	1.007	1.000	1.000	
3 Year	13.548		7.241	1.524	1.457	0.921	1.810	1.007			
Ex Hi/Lo	30.128		4.483	2.085	1.203	1.023	1.057	1.001			
Median	28.031		2.148	1.798	1.226	1.024	1.057	1.001	1.000	1.000	
Tri Sel	25.874		4.916	1.963	1.278	1.017	1.378	1.004	1.000	1.000	
Prof Study	8.331		3.962	2.042	1.323	1.056	1.035	1.056	1.043	1.016	
Wt to Tri	50%		50%	50%	30%	20%	10%	10%	10%	0%	
Select	17.102		4.439	2.003	1.310	1.048	1.070	1.051	1.039	1.016	
Age-Ult	247.482		14.471	3.260	1.628	1.243	1.186	1.109	1.055	1.016	

Allied Health Paid Loss Development

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	
2000		0	0	0	0	0	0	0	0		
2001	73,164	531,659	1,543,139	2,056,580	2,097,782	2,471,149	2,549,307				
2002	42,470	272,120	574,874	611,214	1,702,332	1,724,936					
2003	33,643	922,975	1,259,665	1,510,163	1,368,546						
2004	222,807	2,172,968	3,044,142	3,197,401							
2005	348,034	2,921,628	3,367,682								
2006	212,639	1,725,753									
2007	277,694										
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998											
1999											
2000											
2001	7.267	2.902	1.333	1.020	1.178	1.032					
2002	6.407	2.113	1.063	2.785	1.013						
2003	27.435	1.365	1.199	0.906							
2004	9.753	1.401	1.050								
2005	8.395	1.153									
2006	8.116										
All Year	11.229	1.787	1.161	1.570	1.096	1.032					
3 Year	8.754	1.306	1.104	1.570							
Ex Hi/Lo	8.382	1.626	1.131	1.020							
Median	8.255	1.401	1.131	1.020	1.096	1.032					
Tri Sel	9.155	1.530	1.132	1.295	1.096	1.032					
Prof Study	5.877	2.015	1.210	1.110	1.091	1.045	1.022	1.005	1.000		
Wt to Tri	50%	50%	50%	30%	20%	10%	0%	0%	0%		
Select	7.516	1.773	1.171	1.165	1.092	1.044	1.022	1.005	1.000		
Age-Ult	21.300	2.834	1.599	1.365	1.171	1.072	1.027	1.005	1.000		

Allied Health Paid Loss Development

Report Year	Age	Occurrence Policies									
		12	24	36	48	60	72	84	96	108	120
1998	0	10,111	10,430	18,753	21,922	22,495	22,495	22,495	22,495	22,495	22,495
1999	0	8,288	18,424	43,963	63,859	151,465	502,794	503,350	503,350		
2000	0	14,764	178,043	1,437,805	543,611	546,550	669,158	691,325			
2001	5,039	105,580	504,352	2,110,655	3,421,409	3,563,744	3,600,308				
2002	3,622	146,533	1,807,232	3,299,413	4,513,179	4,950,901					
2003	10,375	169,374	1,130,527	1,693,998	1,764,117						
2004	7,013	29,693	69,671	148,905							
2005	0	40,948	946,210								
2006	12,432	86,637									
2007	9,293										
Age to Age		12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
1998			1.032	1.798	1.169	1.026	1.000	1.000	1.000	1.000	
1999			2.223	2.386	1.453	2.372	3.320	1.001	1.000		
2000			12.059	8.076	0.378	1.005	1.224	1.033			
2001	20.952		4.777	4.185	1.621	1.042	1.010				
2002	40.462		12.333	1.826	1.368	1.097					
2003	16.326		6.675	1.498	1.041						
2004	4.234		2.346	2.137							
2005			23.108								
2006	6.969										
All Year		17.789	8.069	3.129	1.172	1.308	1.639	1.011	1.000	1.000	
3 Year		5.601	10.710	1.820	1.343	1.048	1.851	1.011			
Ex Hi/Lo		14.749	6.736	2.466	1.258	1.055	1.117	1.001			
Median		16.326	5.726	2.137	1.268	1.042	1.117	1.001	1.000	1.000	
Tri Sel		13.616	7.810	2.388	1.260	1.113	1.431	1.006	1.000	1.000	
Prof Study		17.486	5.285	2.703	1.454	1.103	1.064	1.036	1.012	1.012	
Wt to Tri	50%	50%	50%	30%	20%	10%	10%	10%	10%	0%	
Select		15.551	6.548	2.545	1.396	1.105	1.101	1.033	1.011	1.012	
Age-Ult		464.717	29.884	4.564	1.793	1.285	1.163	1.056	1.023	1.012	

Allied Health
Development of Expense Provisions and Permissible Loss Ratio
ACE Consolidated

Direct IEE Data in (000) - ACE Consolidated					
	<u>2005</u>	<u>2006</u>	<u>2007*</u>	<u>Total</u>	
(1) Written Premium	126,231	135,231	122,563	384,025	
(2) Earned Premium	104,566	129,284	130,905	364,755	
(3) Commission & Brokerage Fees	16,223	16,736	16,372	49,331	
(4) Other Acquisition Expense	2,134	2,704	2,239	7,077	
(5) General Expense	4,321	4,606	3,885	12,812	
(6) Taxes, Licenses, and Fees	1,695	2,992	915	5,602	
(7) Unallocated LAE	3,267	6,151	1,634	11,052	
(8) Allocated LAE	27,474	35,285	31,018	93,777	
					<u>Average</u>
(3)/(1) Commission & Brokerage Fees	12.9%	12.4%	13.4%	12.8%	<u>Selected</u> 17.0%
(4)/(2) <u>Other Acquisition Expense</u>	2.0%	2.1%	1.7%	1.9%	<u>2.0%</u>
Total Production Expense					19.0%
(5)/(2) General Expense	4.1%	3.6%	3.0%	3.5%	3.5%
(6)/(1) Taxes, Licenses, and Fees	1.3%	2.2%	0.7%	1.5%	1.5%
(7)/(2) Unallocated LAE	3.1%	4.8%	1.2%	3.0%	N/A
(8)/(2) Allocated LAE	26.3%	27.3%	23.7%	25.7%	N/A
Expense Provision					24.00%
Pre Tax Profit Provision - Target					13.6%
<u>Investment Income Recognition</u>					<u>-13.4%</u>
Pre Tax Profit Provision - Net of Inv Inc					0.2%
Permissible Loss and LAE Ratio					75.8%

*preliminary

ACE
Allied Health
Estimated Investment Earnings

A. Unearned Premium Reserve			
A1.	Direct Earned Premium (for this line, from the IEE)	CY = 2006	129,284,000
A2.	Mean Unearned Premium Reserve	(Sheet 2)	60,204,500
A3.	Deduction for Prepaid Expenses	(Exhibit 1 Sheet 1)	
	a.) Commission and Brokerage Expense		17.0%
	b.) 50% of Other Acquisition Expense		1.0%
	c.) 50% of General Expense		1.8%
	d.) Taxes, Licenses, and Fees		1.5%
	e.) Profit and Contingencies		13.6%
	f.) Total Prepaid Expense		34.9%
A4.	Deduction for Federal Income Tax Payable	(Exhibit 2 Sheet 2)	7.0%
A5.	Net Subject to Investment	[A2 x (1.0 - A3f - A4)]	34,996,928
B. Delayed Remission of Premium (Agent's Balances)			
B1.	Direct Earned Premium (for this line, from the IEE)		129,284,000
B2.	Ratio, Agents Uncoll Prem Balances to Dir Earned Prem	(Exhibit 2 Sheet 2)	24.0%
B3.	Delayed Remission	[B1 x B2]	31,022,131
C. Loss Reserve			
C1.	Direct Earned Premium (for this line, from the IEE)		129,284,000
C2.	Expected Loss and LAE Incurred	[C1 x ELR on Exhibit 2 Sheet 3]	80,647,472
C3.	Expected Mean Loss Reserve	[C2 x After Tax Reserve Ratio on Exhibit 2 Sheet 3]	200,501,942
D.	Reserve Funds Subject to Investment	[A5 - B3 + C3]	204,476,739
E.	Average Rate of Return on Investments - After FIT	(Sheet 5)	3.3%
F.	Investment Earnings on Reserve Funds - After FIT	[D x E]	6,675,087
G.	Investment Earnings on Reserve Funds as a % of Premium - After FIT	[F / A1]	5.16%
H.	Investment Earnings on Reserve Funds as a % of Premium - Before FIT	[G / .65]	7.94%
I.	P/S - Premium to Surplus Ratio	(Sheet 6)	1.022
J.	E/S - Equity to Surplus Ratio	(Sheet 6)	1.110
K.	Surplus Funds Subject to Investment	[A1 / I]	126,480,545
L.	Equity Funds Subject to Investment	[K x J]	140,389,762
M.	Investment Earnings on Equity Funds - After FIT	[L x E]	4,582,985
N.	Investment Earnings on Equity Funds as % of Premium - After FIT	[M / A1]	3.5%
O.	Investment Earnings on Equity Funds as % of Premium - Before FIT	[N / .65]	5.5%
P.	Target Total Return as % of Equity - After FIT	(Sheet 7)	8.2%
Q.	Target Total Return as % of Premium - After FIT	[P x J / I]	8.9%
R.	Target Total Return as % of Premium - Before FIT	[Q / .65]	13.6%
S.	Target UW Profit as % Premium - Net of all II - After FIT	[Q - G - N]	0.1%
T.	Target UW Profit as % Premium - Net of all II - Before FIT	[S / .65]	0.2%

ACE
Allied Health
Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves

Line A2

The mean unearned premium reserve is determined by multiplying the direct earned premium in line A1 by the ratio of the mean unearned premium reserve to the direct earned premium for the above

		IEE Amount <u>For the Above Line</u>
1)	Direct Earned Premium CY = 2006	129,284,000
2)	Direct Unearned Premium Reserve as of 12 / 31 / 2006	63,178,000
3)	Direct Unearned Premium Reserve as of 12 / 31 / 2005	57,231,000
4)	Mean Unearned Premium Reserve: $.5 \times [(2) + (3)]$	60,204,500

Line A4

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. The effective tax rate on UPR is calculated as follows:

Corporate Tax Rate	35.0%
Portion of Unearned Premium Taxable under TRA 1986	20.0%
Effective Tax Rate on Unearned Premium Reserve	7.0%

Line B2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. The ratio of agents' uncollected premium balances to net earned premium is calculated as follows:

		ACE Consolidated <u>Ann Statement Amt</u>
1	Net Earned Premium - Total All Lines CY = 2006	4,556,582,473
2	Net Agent's Balances (Net Admitted) as of 12 / 31 / 2006	1,207,124,679
3	Net Agent's Balances (Net Admitted) as of 12 / 31 / 2005	979,609,943
4	Ratio: $[(2) + (3)] / [2.0 \times (1)]$	0.240

**ACE
Allied Health**

**Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves**

Line C2

The expected loss and loss adjustment expense incurred is determined by multiplying the direct earned premium by the expected loss and loss adjustment expense ratio determined below.

1 General Expenses	(Exhibit 1 Sheet 1)	3.50%
2 Commission and Brokerage Expenses		17.00%
3 Other Acquisition Expenses		2.00%
4 Taxes, Licenses, & Fees		1.50%
5 <u>Profit & Contingencies</u>		<u>13.62%</u>
6 Total Expense Ratio:		37.62%
7 Expected Loss and LAE Ratio: 1.00 - (6)		62.38%
8 Direct Earned Premium	Cal Yr 2006	129,284,000
9 Expected Loss and LAE Incurred (7) x (8)	Cal Yr 2006	80,647,472

Line C3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C2 by the IEE ratio of the mean loss and loss adjustment expense reserves to the loss and loss adjustment expense incurred in the last 2 calendar years for the above named line of business. This ratio, which includes an adjustment for the estimated Federal Income Tax payable due to discounting of loss reserves, as required by the Tax Reform Act of 1986, is based on the following:

		<u>IEE Amount for the Above Line</u>
1 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2007	117,829,000
2 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2006	91,638,000
3 Direct Loss and Loss Adjustment Expense Reserves	Year End 2007	337,675,000
4 Direct Loss and Loss Adjustment Expense Reserves	Year End 2006	261,724,000
5 Direct Loss and Loss Adjustment Expense Reserves	Year End 2005	221,951,000
6 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2007	299,699,500
7 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2006	241,837,500
8 Pre Tax Reserve Ratio: (6) / (1)		2.544
9 Pre Tax Reserve Ratio: (7) / (2)		2.639
10 Mean Pre Tax Reserve Ratio: $0.5 \times [(8) + (9)]$		2.591
11 Estimated Reserve Discount - Sheet 4		0.116
12 Federal Taxes (ratio to reserves): (11) x 0.35		0.041
13 After Tax Reserve Ratio (10) x [1.0 - (12)]		2.486

ACE Consolidated - Annual Statement - Schedule P
Allied Health
Calculation of Reserve Discount
Data in (000's)

	(1)	(2)
	Net	Reserve
	Loss	Discount
	& Expense	
<u>Year</u>	<u>Unpaid</u>	<u>Factor</u>
Prior	324	0.90217
1997	51	0.89224
1998	73	0.88485
1999	174	0.87645
2000	(81)	0.86993
2001	2,279	0.89154
2002	2,010	0.89336
2003	4,355	0.89487
2004	30,643	0.88250
2005	60,085	0.89066
2006	<u>59,746</u>	<u>0.87680</u>
	159,659	0.88408 = Average
		0.11592 = 1.00 - Average

(1) ACE Consolidated Annual Statement, Schedule P, Part 1, Column 24

(2) Internal Revenue Bulletin 2005-49, December 5, 2005

ACE Consolidated
Calculation of Average After Tax Rate of Return
2006

	(1) Average of Latest 2 Year Ends <u>Asset Value</u>	(2) Interest & Dividend <u>Income</u>	(3) Net Interest and Dividends <u>(2) x (1 + a)</u>	(4) Pre-Tax Return <u>(3)/(1)</u>	(5) Federal Tax <u>Rate</u>	(6) Federal Tax <u>(3)x(5)</u>	(7) After Tax Return <u>((3)-(6))/(1)</u>
Assets Available for Investment							
Cash & Short Term Invested Assets	852,508,376	37,128,871	35,838,706	4.2%	35.0%	12,543,547	2.7%
Bonds							
Tax Exempt		19,717,257	19,032,116		2.4% (b)	464,622	
Taxable		571,972,807	552,097,731		35.0%	193,234,206	
Total	11,732,825,810	591,690,064	571,129,848	4.9%		193,698,828	3.2%
Affiliated Stock at Fair Value							
Preferred	0	0	0		0.0%	0	
Common	88,656,145	0	0		0.0%	0	
Total	88,656,145	0	0	0.0%	0.0%	0	0.0%
Unaffiliated Stock at Fair Value							
Preferred	62,006,976	2,892,337	2,791,833		14.2% (c)	395,742	
Common	668,195,971	63,182,828	60,987,333		14.2%	8,644,954	
Total	730,202,947	66,075,165	63,779,166	8.7%		9,040,697	7.5%
Mortgage Loans on Real Estate	0	0	0	0	35.0%	0	0.0%
Real Estate	83,074,693	0	0	0.0%	35.0%	0	0.0%
Contract Loans	0	0	0	0	35.0%	0	0.0%
A/O Inv. Assets	464,899,224	0	0	0.0%	35.0%	0	0.0%
Total	13,952,167,193	694,894,100	670,747,720	4.8%	32.1%	215,283,072	3.3%

NOTES:

a. Investment Expenses and Write-ins for Investment Income of apply uniformly to all items of income.

	Total Interest and Dividend Income (excluding Write-ins & Expenses):	694,894,100
PLUS	Write-ins for Investment Income:	4,818,528
LESS	<u>Investment Expenses & Real Estate Depreciation:</u>	<u>28,964,908</u>
	Total Net Investment Income (incl. Write-ins, Net of Investment Expenses):	670,747,720
	Write-ins / Expense Multiplier:	(a) = -3.5%

b. 46.5% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate rate of 35%.

The applicable tax rate is therefore: $2.4\% = [.465 \times .15 \times .35]$

c. For domestic corporations, 30% of dividend income from unaffiliated stocks is taxed as ordinary income at a full corporate rate of 35%.

and 100% is subject to proration, so that 15% of the remaining 70% is taxed as ordinary income at a full corporate rate of 35%.

The applicable tax rate is therefore: $14.2\% = [(0.30 \times 0.35) + (0.70 \times 0.15 \times 0.35) + (0.70 \times .85 \times 0.00)]$

ACE Consolidated
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION

Line I Premium to Surplus Ratio

Surplus was determined by dividing the premium in Line A1 by a premium to surplus ratio.
The calculation of the premium to surplus ratio is as follows:

	2006
	<u>All Lines</u>
A/S Net Written Premium	4,518,540,247
A/S Surplus as Regards Policyholders	4,420,558,091
A/S Premium to Surplus Ratio	1.022

Line J Equity to Surplus Ratio

Equity was determined by applying an equity to surplus ratio to the surplus in Line K.
The calculation of the equity to surplus is as follows:

		2006
		<u>Year End</u>
	ACE Consolidated	4,420,558,091
	<u>ACE Ins. Co. Puerto Rico</u>	<u>15,038,362</u>
SAP Surplus:	ACE Consolidated ex PR and International	4,405,519,729
GAP Equity:	ACE Consolidated ex PR and International	4,890,000,000
	Equity to Surplus Ratio	1.110

**ACE
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION**

Line P.

<u>Year</u>	<u>Return on Equity</u>
1996	13.0%
1997	13.0%
1998	9.6%
1999	6.6%
2000	6.3%
2001	-2.2%
2002	3.1%
2003	9.7%
2004	10.7%
2005	11.6%
Average	8.2%
Selected	8.2%

Note: The source for the historical industry Returns on Equity is
Net Income / Average Policyholder Surplus from:

1995 - 2000	Standard & Poor's Industry Surveys
2001 - 2005	Best's Aggregates and Averages - QAR